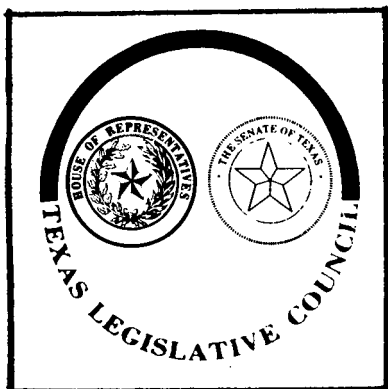


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A Summary

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ACCOMPLISHMENTS

OF THE

61st LEGISLATURE

1st Called Session — July 28-August 26, 1969
2nd Called Session — August 27-September 9, 1969

TEXAS LEGISLATIVE COUNCIL / A Staff Report

**TEXAS LEGISLATIVE COUNCIL
of the
61st Legislature of Texas**

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AUSTIN, TEXAS 78711**

ACCOMPLISHMENTS OF THE 61st LEGISLATURE

1st CALLED SESSION—July 28 to August 26, 1969

2nd CALLED SESSION—August 27 to September 9, 1969

Prepared by the Staff

**TEXAS LEGISLATIVE COUNCIL
Drawer D, Capitol Station
Austin, Texas 78711**

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ENACTMENTS—IN BRIEF

61st Legislature—1st and 2nd Called Sessions

TAXES

2nd Called Session

H.B. 4

As finally passed, measure includes seven tax categories—sales tax, cigarette tax, franchise tax, natural gas tax, alcoholic beverages tax, admissions tax, and vending machine tax. The sales tax rate was increased from 3 to 3.25 percent, and alcoholic beverages were included as taxable items. The rate of the cigarette tax was increased by $4\frac{1}{2}\text{¢}$ per package, for a total of $15\frac{1}{2}\text{¢}$, and tobacco substitutes were included. The franchise tax increase includes an additional 50¢ per \$1,000 of taxable capital for the franchise tax years 1969-70, 1970-71, and 1971-72, and 25¢ per \$1,000 taxable capital thereafter. The allocation formula for determining taxable capital was changed to include destination sales (imports). The tax rate on natural gas was increased from 7 to $7\frac{1}{2}$ percent. A 5¢ tax was imposed on alcoholic beverages per serving in private clubs and on airlines; the measure also prohibits the removal of alcoholic beverages from private club premises and limits extended-hours sales to on-premise consumption. A \$1,000 airline-beverage permit is required. Automobile racing is exempted from the admissions tax. Coin-operated billiard tables were placed under the \$15 vending machine tax; owners of a single business with coin-operated machines in the place of business prior to October 1, 1969, and those having coin-operated amusement machines designed exclusively for children were exempted from the vending machine license requirements.

S.B. 72

Amends Sections (D)(2) and (L)(3), Article 20.01, Title 122A, Taxation-General, Revised Civil Statutes of Texas, 1925, to exclude amount charged for certain labor or service from definitions of "receipts" and "sales price" within meaning of Limited Sales, Excise and Use Tax Act. (Effective October 1, 1969.)

APPROPRIATIONS

1st Called Session

- S.B. 4 Appropriates all moneys in the Texas Opportunity Plan Fund and the Texas College Student Loan Bonds Interest and Sinking Fund to the Coordinating Board, Texas College and University System.

2nd Called Session

- H.B. 1 Appropriates funds for support of state government for period from September 1, 1969, to October 31, 1969. The biennial appropriations bill (H.B. 1) of the 1st Called Session was the vehicle for this measure, with moneys appropriated limited to a maximum of 1/6 of funds designated for first year of the biennium, so that the state might continue operating for two months after the end of the fiscal year on August 31, 1969. Although signed by the Governor on August 30, 1969, this bill was superseded by H.B. 2 (2nd Called Session), appropriating funds for the biennium from September 1, 1969, through August 31, 1971.
- H.B. 2 General Appropriations Bill—Appropriates nearly \$5.9 billion for the biennium from September 1, 1969, through August 31, 1971. The Governor's veto reduced this amount by approximately \$4.4 million.
- S.B. 73 Appropriates \$100,000 for the biennium (\$50,000 each year) to the Western Information Network Association, provided for by Chapter 305, Acts of the 60th Legislature, Regular Session, 1967.
- S.B. 75 Appropriates \$25,000 for each year of the 1969-1971 biennium for the Antiquities Committee established by S.B. 58, 61st Legislature, 2nd Called Session.

EDUCATION

2nd Called Session

- S.B. 30 Establishes an advisory council for study and research into problems of children with learning disabilities. Cited as "Brooks Study Act."
- S.B. 32 Amends Article 2824, Revised Civil Statutes of Texas, 1925, providing for investment of proceeds from sale by any county of lands granted to it for educational purposes.
- S.B. 64 Vests control of Stephen F. Austin State University in a board of regents created by the Act.
- H.B. 21 Provides an optional method of determining allocation of professional units under the Foundation School Program Act.
- H.B. 22 Provides an allocation formula for certain school districts under the Foundation School Program Act.
- H.B. 78 Relates to issuance of time warrants by certain independent school districts.

COURTS AND COURT

OFFICERS AND EMPLOYEES

2nd Called Session

- S.B. 3 Creates 186th Judicial District and 186th District Court of Bexar County.
- S.B. 23 Amends Section 1, Chapter 9, Special Laws, Acts of the 46th Legislature, Regular Session, 1939, as last amended by Chapter 161, Acts of the 59th Legislature, Regular Session, 1965, to provide for an increase in the maximum salary for the county

purchasing agent in counties having 74,000 or more inhabitants, with the salary range to be from \$5,000 to \$18,000, instead of \$5,000 to \$15,000 as previously provided; also permits cooperative purchasing arrangements by county purchasing agent with purchasing agent for any incorporated city or cities in the county.

- S.B. 22 Judicial Districts Act of 1969. Creates 27 new judicial districts and district courts and provides officers therefor: 148th Judicial District, Nueces County; 141st Judicial District, Tarrant County; 169th Judicial District, Bell County; 158th Judicial District, Denton County; 159th Judicial District, Angelina County; 168th Judicial District, El Paso County; 172nd Judicial District, Jefferson County; 173rd Judicial District, Anderson, Henderson, and Houston counties; 181st Judicial District, Potter and Randall counties; 182nd Judicial District, Harris County; 183rd Judicial District, Harris County; 184th Judicial District, Harris County; 185th Judicial District, Harris County; 187th Judicial District, Bexar County; 188th Judicial District, Gregg County; 189th Judicial District, Harris County; 190th Judicial District, Harris County; 191st Judicial District, Dallas County; 192nd Judicial District, Dallas County; 193rd Judicial District, Dallas County; 194th Judicial District, Dallas County; 195th Judicial District, Dallas County; 196th Judicial District, Hunt County; 197th Judicial District, Cameron and Willacy counties; the Criminal District Court No. 4 of Tarrant County; 198th Judicial District, Kerr, Bandera, Kendall, Menard, Concho, Kimble, and McCulloch counties; and 149th Judicial District, Brazoria County.
- S.B. 31 Amends Chapter 187, Acts of the 53rd Legislature, Regular Session, 1953 (Article 1970-342, Vernon's Texas Civil Statutes), to provide for filling any vacancy in office of judge of County Court at Law No. 2, Galveston County.
- S.B. 33 Amends Chapter 124, Acts of the 54th Legislature, 1955 (Article 326k-28, Vernon's Texas Civil Statutes), relating to official duties and compensation of criminal district attorney of Galveston County.

- S.B. 37 Amends Chapter 64, Acts of the 57th Legislature, 3rd Called Session (Article 2338-16, Vernon's Texas Civil Statutes), relating to Court of Domestic Relations for Galveston County, compensation of the judge of the court, Galveston County Juvenile Board, Citizens Juvenile Advisory Board, and juvenile officers of Galveston County.

ELECTIONS AND VOTING

2nd Called Session

- S.B. 8 Amends Election Code relating to information required on a voter registration application form, and requires a signed application whether voter applies in person or by mail. Also deletes certain items of information formerly required on voter registration certificates and lists of registered voters.

WATER LAWS

2nd Called Session

- S.B. 9 Amends existing law (Article 7880-75, Vernon's Texas Civil Statutes) to add Section 75d authorizing a water control and improvement district containing a city that annexes territory to annex the same territory to the district for purpose of supplying water or sewer services.
- S.B. 15 Amends existing law relating to appeals in eminent domain proceedings initiated by water control and improvement districts (Article 7880-126, subsection (1), Vernon's Texas Civil Statutes) to require that appeals be tried de novo in district courts, with either party to the appeal having right to a jury.
- S.B. 60 Authorizes any political subdivision to sell water improvement bonds, use the proceeds for purchase of state bonds at not less than par and accrued interest to date of delivery, and resell state

bonds to highest bidder even at a discount. Enacted to enable subdivision to be competitive in current high interest bond market.

BEACHES

2nd Called Session

- S.B. 16 Provides for maintaining and cleaning public beaches with primary responsibility in local governments located along the beaches. Also authorizes certain cities and counties to apply for state funds.
- S.B. 17 Provides criminal penalties for display of communication at public beaches stating public does not have right of access.
- S.B. 18 Provides for issuance of permits for excavation of sand, marl, gravel, or shell in certain coastal or beach areas.
- S.B. 19 Provides for creation of a beach park board in each county bordering on Gulf of Mexico.
- S.B. 20 Declares a moratorium under certain conditions pursuant to S.C.R. 38 of the 61st Legislature, Regular Session, or until May 31, 1973, whichever comes first, on sale or lease of surface estate in state-owned submerged lands, beaches, or islands under any existing laws.
- S.B. 25 Provides that persons operating and maintaining business establishments on certain beaches must obtain licenses from Parks and Wildlife Department.
- S.B. 36 Amends existing law (Article 6081g-1, sections 1, 2, 3, 7(k), 8, Vernon's Texas Civil Statutes) to grant home-rule cities, with population in excess of 60,000 and bordering Gulf of Mexico, authority to create a Park Board of Trustees to establish a park from an island or part of island within city.

INSURANCE

2nd Called Session

- S.B. 6 Amends existing law (Article 6701h, sections 33 and 35, Vernon's Texas Civil Statutes) making it possible for certain units of government to secure motor vehicle liability insurance under the assigned risk plan.
- S.B. 10 Amends Chapter 397, Acts of the 54th Legislature, 1955 (Article 3.70-3, Vernon's Texas Insurance Code), relating to accident and sickness policies and reduces period during which policy must have been in force from three to two years before it becomes incontestible as to statements contained in application and prohibits reduction or denial of claims for loss on grounds that disease or physical condition existed prior to effective date of coverage within same period (two years).
- S.B. 12 Amends Chapter 59, Acts of the 54th Legislature, 1955 (Article 21.07-2, Vernon's Texas Insurance Code), relating to change in licensing of life insurance counselor and prohibits advertising indicating professional superiority of counselor; also prohibits dual compensation.
- S.B. 21 Relates to workmen's compensation insurance coverage for municipal employees and repeals Chapter 327, Acts of the 53rd Legislature, 1953, as amended (Article 8309e, Vernon's Texas Civil Statutes).
- S.B. 24 Amends Article 21.07, Insurance Code, to increase power of the Insurance Commission in licensing agents to sell insurance.
- S.B. 35 Amends Insurance Code by adding Article 5.06-2. Relates to certain motor vehicle liability insurance policies involving vehicles owned or held for sale or repair.

ANTIQUITIES

2nd Called Session

- S.B. 58 Establishes and adopts an Antiquities Code for Texas, and creates an Antiquities Committee of seven members to determine site of and designation of state archeological landmarks and establish claim of the State of Texas to discoveries, including pre-twentieth century ships and wrecks. Money for committee operations provided by S.B. 75.

PENAL CODE

2nd Called Session

- H.B. 66 Reenacting Article 995, Texas Penal Code, relating to penalty for forgery.
- S.B. 13 Making it a misdemeanor to willfully cause a tree or limb therefrom to fall on any electric transmission or telephone line so as to disrupt service, and prescribing a penalty.

OTHER

2nd Called Session

- S.B. 5 Amends existing law (Articles 4551e and 4551b, Vernon's Texas Civil Statutes), and Article 753, Penal Code of Texas, 1925, relating to exemptions from the definition of dentistry.
- S.B. 7 Relates to filling trustee vacancies by remaining trustees appointed under a valid trust agreement.
- S.B. 11 Provides for the sale, leaseback, rental, and purchase of land, facilities, etc., for county purposes in certain counties, and vests the authority in the commissioners court.

- S.B. 14* Gives authority to the commissioners court to sell, leaseback, rent, lease, or purchase land for hospital district purposes in certain counties.
- S.B. 26* Authorizes certain home-rule cities to establish parking facilities for off-street parking or storage and to issue bonds for financing.
- S.B. 27* Authorizes Tarrant County and El Paso County commissioners courts to contract with political subdivisions for performance of governmental service.
- S.B. 29* Amends existing law (Article 1187f, section 1, Vernon's Texas Civil Statutes), relating to issuance of certain bonds by incorporated cities on the coast of the Gulf of Mexico having population of 5,000 or more.
- S.B. 34* Provides salary maximums for certain officials in counties having populations of not less than 140,000 nor more than 150,000.
- S.B. 39* Amends existing law (Article 695k, Vernon's Texas Civil Statutes), to provide for the appointment by the governor of a chairman of the Governor's Committee on Aging to serve during the tenure of the governor appointing him, in addition to the nine members of the committee.
- S.B. 40* Creates Teague Hospital District of Freestone County.
- S.B. 55* Amends existing law (Article 717k-2, subsection 2, Vernon's Texas Civil Statutes) to remove the limitation on net effective interest rate on public securities issued and sold by public agencies, subject to certain exceptions.
- H.B. 88* Validates proceedings related to issuance of revenue bonds authorized by incorporated cities, towns, and villages under certain conditions.

INTRODUCTION

Just 56 days after the Regular Session of the 61st Legislature was adjourned, the 1st Called Session was convened at the call of Governor Preston Smith on July 28, 1969, to adopt a biennial budget for state spending and to provide revenue to cover that spending. In his address on the opening day before the two houses convened in joint session, Governor Smith recommended a state budget totaling a little more than \$5.8 billion for the two-year period beginning September 1, 1969, and ending August 31, 1971, with appropriations from general revenue to be nearly \$1.2 billion. This sum exceeded estimated revenues available from existing sources by some \$307.5 million.

Major increases in expenditures recommended by the governor included funds for education—public schools, junior colleges, higher education, vocational-technical education, medical-dental-nursing education, and closed circuit television; industrial development; traffic safety; welfare, mental health and mental retardation; public health; and higher salaries for state employees.

For 30 days in late July and most of August, the legislature wrestled with the problem of raising the revenues to meet the state's fiscal needs. Although 72 Senate bills and 92 House bills were introduced, only one of these measures, S.B. 4, was enacted. Coming within the governor's call for appropriations bills, S.B. 4 appropriated moneys in the Texas Opportunity Plan Fund and the Texas College Student Loan Bonds Interest and Sinking Fund to the Coordinating Board, Texas College and University System. The student loan fund was established in 1965 with an initial authorization of \$85 million in bonds. On August 5, 1969, the Texas electorate adopted a constitutional amendment which added a new Section 40b-1 to Article III of the Texas Constitution and gave the legislature power to authorize the Coordinating Board, Texas College and University System, to issue and sell an additional \$200 million in general obligation bonds for the Texas Opportunity Plan.

Despite hard work by individual members and legislative committees, the 1st Called Session was fruitless insofar as providing an acceptable tax measure. (A brief history of tax measures introduced is attached as Appendix A.) The daily period for introduction of resolutions, both simple and concurrent, was a busy one however. House simple resolutions introduced numbered 102, and 91 were

passed. There were 36 House concurrent resolutions introduced, and 22 passed. Eight committees were created by simple resolutions in the House to make interim studies, and two special interim committees were created by House concurrent resolutions. The Senate, too, was extremely productive in this type of legislation, with 150 simple resolutions introduced and 149 adopted, as well as 26 Senate concurrent resolutions introduced and 17 adopted. One interim study committee was created by Senate simple resolution and two more were created by Senate concurrent resolutions.

The 2nd Called Session added another 86 simple and 17 concurrent resolutions introduced in the House of Representatives and 90 simple and 17 concurrent resolutions introduced in the Senate. The House passed 75 simple resolutions and 11 concurrent resolutions, while 89 simple resolutions and 9 concurrent resolutions in the Senate reached final passage. As the result, 12 new interim studies were created, five by Senate simple resolution, three by Senate concurrent resolution, and four by House simple resolution. (A complete listing of interim study committees created by the 1st and 2nd Called Sessions of the 61st Legislature is included in Appendix C.)

As soon as a tax bill (H.B. 4) had been enacted by the 2nd Called Session, the general appropriations measure (H.B. 2) was passed allocating approximately \$5.9 billion to finance state government for the biennium beginning September 1, 1969, and ending August 31, 1971. Of the total appropriated, Governor Smith vetoed items amounting to about \$4.4 million. (Governor's vetoes, including appropriations items, are itemized in Appendix B.)

With its major business out of the way, the legislature then moved rapidly on the 95 House bills and the 58 Senate bills introduced. Ten House bills achieved final passage and 43 Senate bills were passed, among them duplicates of most of those vetoed by the Governor following the Regular Session because they had not been signed, as required by the Constitution, by the presiding officers of each house in the presence of members of the House of Representatives and the Senate, respectively.

TAXES

Sales; Cigarette; Franchise;
Natural Gas; Alcoholic Beverages;
Admissions; Vending Machines
H.B. 4

For 41 days the 61st Legislature, working in two called sessions, waged the most continuous struggle the state has seen since its first general sales tax—a 2 percent levy—was enacted in 1961. The tax measure finally passed at the 2nd Called Session—H.B. 4—was

a compromise bill provided by the conference committee. To meet major objections in both houses by the opponents of the original H.B. 4, the compromise measure (1) spelled out the application of the destination tax to exempt food and medicine, and (2) placed beer and liquor under the sales tax for the first time.

Rates set out in the tax measure are as follows:

Sales Tax	Increase rate from 3 percent to 3.25 percent and include alcoholic beverages as taxable items.
Cigarette Tax	Increase rate of tax by 4½¢ per package and include tobacco substitutes.
Franchise Tax	Additional 50¢ per \$1,000 of taxable capital for the franchise tax years 1969-70, 1970-71, and 1971-72, and 25¢ per \$1,000 taxable capital thereafter, and change allocation formula for determining taxable capital to include destination sales (imports).
Natural Gas	Increase rate of tax from 7 percent to 7½ percent.

Alcoholic Beverages	Impose 5¢ tax per serving in private clubs and on airlines; prohibit removal of alcoholic beverages from private club premises; limit extended-hours sales to on-premise consumption; and require a \$1,000 airline-beverage permit.
Admissions Tax	Exempt automobile racing from the admission tax.
Vending Machine Tax	Place coin-operated billiard tables under the \$15 tax and exempt from the vending machine license requirements owners of a single business with coin-operated machines in the place of business prior to October 1, 1969, and coin-operated amusement machines designed exclusively for children.

New money to be obtained from the tax bill is estimated at approximately \$361,752,711, with the breakdown, according to estimates of the state comptroller, as follows:

Sales Tax (excluding alcohol)	\$ 79,641,663
Sales Tax on Alcohol (at 3.25%)	39,600,000
Cigarette Tax Increase	92,281,097
Franchise Tax (additional rate)	42,008,712
Franchise Tax (destination sales)	84,616,880
Natural Gas	10,379,668
Alcoholic Beverages (Airlines and private clubs)	13,224,691
Total	\$ 361,752,711

Excluding Certain
Labor from Receipts
under Sales Tax
S.B. 72

The only tax measure enacted in addition to H.B. 4 was passed to correct a portion of the Limited Sales, Excise and Use Tax Act and clearly exclude the amount charged for certain labor or service from definitions of "receipts" and "sales price."

APPROPRIATIONS

Texas Opportunity
Plan—S.B. 4
1st Called Session

The student loan fund known as the Texas Opportunity Plan was established in 1965 with an initial authorization of \$85 million in bonds, and by August, 1969, the Coordinating Board, Texas College and University System, had sold \$49 million of the original \$85 million of general obligation bonds first authorized to fund the program. A constitutional amendment adopted by the Texas electorate on August 5, 1969, increased the bond authorization by an additional \$200 million. S.B. 4 appropriates all moneys in the Texas Opportunity Plan Fund and the Texas College Student Loan Bonds Interest and Sinking Fund to the Coordinating Board, Texas College and University System, to be used in carrying out the program of loans to students who have been admitted to any institution of higher education in the state whether publicly or privately owned or operated, and including junior colleges.

Emergency Appropria-
tions Bill—H.B. 1
2nd Called Session

Looking to the prospect of the state's fiscal year ending on August 31, 1969, before a tax measure financing state expenditures for the next biennium could be approved, the legislature rushed through the legislative process an emergency 60-day appropriations bill. H.B. 1 of the 1st Called Session was the vehicle used as H.B. 1 in the 2nd Called Session to appropriate moneys limited to a maximum of 1/6 of the funds designated for the first year of the biennium. Although signed by the governor on August 30, 1969, this 60-day appropriations measure was superseded by H.B. 2 (2nd Called Session), appropriating funds for the entire biennium.

General Appropria-
tions Bill—H.B. 2
2nd Called Session

House Bill 2, the general appropriations bill enacted during the 2nd Called Session of the 61st Legislature, 1969, appropriated \$5.87 billion for the biennium beginning September 1, 1969, and ending August 31, 1971. Of this amount, \$1.247 billion is derived from general revenue, an increase of \$313.8 million over the spending level for 1968-1969. The sum of \$4.625 billion will come from other funds. Of the increase from general revenue, \$205.6 million is budgeted for education and \$58 million for health, hospitals, and youth correction. The act budgeted \$16.2 million for the state judiciary; \$309.3 million for public health, hospitals, special schools, and youth institutions; \$2,846.2 million for executive and administrative departments and agencies; \$2,681 million for public education; and \$20 million for the legislature.

Line items vetoed by Governor Preston Smith accounted for a total of \$4.406 million, all in the general revenue category of state funds. (See Appendix B.)

Principal features of the general appropriations bill include:

- Across-the-board increase for state employees amounting to 10.4 percent at the end of the biennium.
- \$8.2 million to the State Building Commission for a third State Office Building.
- Meat inspection program in the Department of Health totaling \$2.8 million in general revenue and \$2.8 million in federal funds for the biennium.
- \$62.2 million increase for Medical Assistance Program.
- Additional funds for Mental Health and Mental Retardation totaling \$36.2 million for expansion and staffing facilities. This includes a \$1.0 million increase in community mental health-mental retardation centers for 1970 and an additional \$1 million for this purpose in 1971.
- \$16.2 million increase for vocational and technical education.
- \$1.7 million for building renovation and classroom construction for State Schools for Blind and Deaf.
- \$24.6 million over the current biennium for state aid to public junior colleges.
- \$27.4 million in general revenue for planning and construction of new medical, dental, and educational units.

- \$3 million for purchase of Amarillo Air Force Base facilities by the Texas State Technical Institute.
- \$96.5 million increase in general revenue for present 22 state colleges and universities.
- \$8.84 million for constructing and equipping additional youth facilities. This includes \$5.4 million for the construction of a new training school for 480 delinquent boys.
- A biennial increase of \$3.1 million over current levels for youth correctional schools.
- Construction moneys totaling \$1.8 million to the Department of Public Safety for an addition to the Homer Garrison, Jr., Police Training Academy and other projects.

Several new administrative commissions and agencies were created by statute during the regular session, and general revenue funding for these new agencies for the biennium follows:

- American Revolution Bicentennial Commission—\$25,000.
- Board of Private Detectives, Private Investigators and Private Patrolmen, Private Guards and Managers—\$22,000.
- Commission on Fire Protection Personnel Standards and Education—\$20,000.
- Board of Examiners in the Fitting and Dispensing of Hearing Aids—\$60,523.
- Red River Authority—\$29,000.
- Texas Mass Transportation Commission—\$102,500.

The Board of Landscape Architects, also newly created, received an appropriation of \$32,844 for the biennium, with funds obtained from special licensing fees. The Texas Optometry Board received \$92,880, also from a special licensing fund.

Further discussion of appropriations will be included under specific categories of state services, departments and agencies, and other legislation enacted for which appropriations are applicable.

Antiquities Committee
S.B. 75-2nd Called Session

Acting to preserve antiquities and treasures of Texas, following the controversy over treasure removed from the Spanish ships off the coast of Texas, the 2nd Called Session of the 61st Legislature in S.B. 75 provided a special appropriation in the amount of \$25,000 for each year of the 1969-71 biennium for the Antiquities Committee created by S.B. 58. Funds so authorized are designated for salaries and wages, professional fees and services, consumable supplies and materials, and other necessary outlays.

EDUCATION

Funds appropriated to the Texas Central Education Agency for the first year of the 1969-1971 biennium total \$794,489,074, and for the second year, \$803,891,115. Seemingly the \$794.5 million for fiscal 1970 is less than the \$816.8 million received by the agency for fiscal 1969. This can be attributed to creation by the Regular Session of the 61st Legislature of the Commission for Rehabilitation. The new agency was allocated approximately \$30.2 million in funds which prior to its establishment would have been included in the Education Agency's appropriation, since it formerly performed the function of vocational rehabilitation. Thus, the Texas Central Education Agency actually received nearly \$8 million in additional funds for fiscal 1970 over fiscal 1969.

The appropriation as the state's matching share for the Teacher Retirement System was increased by more than \$15 million for the first year of the new biennium. Appropriations for fiscal 1970 totaled \$88.673 million in comparison with the \$73 million appropriated for fiscal 1969. For the second year of the biennium the state's matching share is even higher, amounting to \$101.14 million.

Appropriations for state aid to Public Junior Colleges were increased from \$24,461,350 to \$32,939,975 for fiscal 1970, and to \$34,916,950 for fiscal 1971. An increase was also made in the contingency appropriation for the second year of the new biennium to a total of \$4.4 million, more than double the amount allocated for the first year, which was \$2.1 million. The latter figure is approximately the same as the contingency appropriation for fiscal 1969, just concluded.

The Coordinating Board, Texas College and University System, received a net for general revenue appropriations (appropriation less federal funds) totaling \$849,207 for fiscal 1970, which amounts to \$127,528 more than the board received for fiscal 1969. The fiscal 1970 figure soared to a net general revenue appropriation of \$9,071,502 for fiscal 1971, with the allocation by the Coordinating Board, Texas College and University System, of \$8,212,569 to Texas state colleges and universities to finance student enrollment increases. Another significant increase was the \$100,000 for each year of the biennium for out-of-state osteopathy scholarships for allocation by the State Board of Medical Examiners. In fiscal 1969, only \$50,000 was designated for this purpose.

The 24 Colleges and Universities in the state's higher education system received an increase of \$75,328,990 in general revenue over the amount budgeted for 1969, when the higher education system included 22 colleges and universities. New institutions receiving appropriations for fiscal 1970 are The University of Texas at Dallas—\$1,250,000—and Texas State Technical Institute—\$6,825,510. For 1971 the Dallas institution received \$1,750,000 and the technical institute was allocated \$4,239,238. The Texas State Technical Institute began as James Connally Technical Institute at Waco and was formerly a division of Texas A&M University. At the regular session of the 61st Legislature, the Texas State Technical Institute, an independent entity, was created with campuses at Waco, Harlingen, and Amarillo. Another new appropriation was included for the Texas Technological University School of Medicine at Lubbock, with that new institution receiving \$10 million for 1970 and \$14,494,941 for 1971.

Overall appropriations from general revenue for Texas state colleges and universities totaled \$307,523,796 for fiscal 1970, and \$295,100,987 for fiscal 1971.

Line-item vetoes by the governor affected a number of higher education institutions. The sum of \$250,000 allocated to Texas A&M University for repairs and air conditioning the Adjunct at Junction, Texas, was vetoed because funds for this item ". . . were not requested and were not included in either the Legislative Budget Board's nor the Governor's budget recommendations" Texas Maritime Academy's Pelican Island Development lost \$160,000 appropriated for fiscal 1970 because "the purpose of this appropriation is not specified . . . and \$500,000 has already been appropriated for docking facilities," The governor added also that he did not recommend this item

nor did the Legislative Budget Board, and it only appeared in the bill as finally adopted, not in the House or Senate appropriations bills. Sums of \$40,000 for fiscal 1970 and \$20,000 for fiscal 1971 for environmental pollution control studies and practices at Prairie View Agricultural and Mechanical College were vetoed because the item appeared only in the conference committee report—not in the institution's budget request submitted to the Legislative Budget Board and the governor's budget office. Vetoed for the same reason was the appropriation of \$60,000 for a fish-raising facility at Stephen F. Austin State University.

In addition to appropriations for education, the 2nd Called Session of the 61st Legislature enacted a number of measures relating to public education. An Advisory Council to study the intricate problems of children with learning disabilities was created by S.B. 30. The council will be composed of 12 members appointed by the governor, with membership to include one each from the fields of elementary education, secondary education, post-secondary education, pre-school education, private schools, and one optometrist and one psychologist. Because of the diverse nature of the questions involved, the governor is being encouraged by members of the legislature to appoint the four remaining positions on the Advisory Council from the fields of psychology, medicine, and education. Council activities will be conducted in cooperation with the commissioner of education, who is given the responsibility of submitting a report of the council's findings and recommendations to the 62nd Legislature.

Under S.B. 32, amending Article 2824, Revised Civil Statutes of Texas, 1925, each county is authorized to sell or dispose of lands granted to it for educational purposes in such manner as may be provided by the commissioners court of such county. The bill further requires that proceeds of any such sale be invested in bonds of the United States, the State of Texas, counties of the state or any of their subdivisions, and in interest-bearing bank time deposits at the bank designated as depository for the county under terms and conditions of the depository contract. These funds are to be held by the county alone as a trust for the benefit of public free schools, with only the interest being used and expended annually.

Control of Stephen F. Austin State University is vested in a Board of Regents created by S.B. 64.

Relating to the Minimum Foundation Program H.B. 21 provides that in addition to the method of allocating professional units under the program on the basis of current average daily attendance, any school district may choose to utilize the preceding year's average daily attendance to establish the basis for allocation of professional units in compliance with formulas in the Foundation School Program Act. An allocation formula is specified in H.B. 22 for the number of professional units allotted under the Foundation School Program Act to school districts which operate and have operated for at least three consecutive years a four-year accredited high school having an average daily attendance range between 84 and 156 for the immediate preceding year. H.B. 78 relates to the issuance of time warrants by certain school districts.

COURTS AND COURT OFFICERS AND EMPLOYEES

As mentioned in the section on Appropriations, the state judiciary received from general revenue more than \$16.2 million for the biennium ending August 31, 1971. The appropriation amounted to almost \$1 million more for each fiscal year of the new biennium than was appropriated for fiscal 1969, when the total from general revenue was \$7.4 million.

On September 4, 1969, after the tax bill was passed and appropriations were made, Governor Smith opened the 2nd Called Session of the 61st Legislature for the consideration of the 39 bills passed during the regular session but vetoed because of late signing and delivery. Among these measures was an omnibus bill creating 27 new judicial districts and district courts. As S.B. 585 of the regular session, the omnibus court bill was introduced at the 2nd Called Session as S.B. 22. S.B. 22 differed from S.B. 585 in the following respects: the 186th Judicial District and District Court of Bexar County, which was included in S.B. 585, was not in S.B. 22 but was created through a separate measure, S.B. 3; the 169th Judicial District and District Court in Bell County was added to the omnibus court bill (S.B. 22) of the 2nd Called Session; the number of the 148th Judicial District and District Court, assigned under S.B. 585 (R.S.) to Tarrant County, was given instead to Nueces County, and the number of Nueces County's 141st Judicial District and District Court as designated by S.B. 585 was assigned to Tarrant County by S.B. 22. This interchange of numbers between Tarrant County and Nueces County was made by S.B. 22 to avoid confusion in court assignments in Tarrant County, where an existing judicial district and district court was designated the 48th Judicial District and District Court.

A complete listing of the 27 new judicial districts and district courts created by S.B. 22, 2nd Called Session, follows: 148th Judicial District—Nueces County; 141st Judicial District—Tarrant County; 169th Judicial District—Bell County; 158th Judicial District—Denton County; 159th Judicial District—Angelina County; 168th Judicial District—El Paso County; 172nd Judicial District—Jefferson County; 173rd Judicial District—Anderson, Henderson, and Houston counties; the 181st Judicial District—Potter and Randall counties; 182nd Judicial District—Harris County; 183rd Judicial District—Harris County; 184th Judicial District—Harris County; 185th Judicial District—Harris County; 187th Judicial District—Bexar County; 188th Judicial District—Gregg County; 189th Judicial District—Harris County; 190th Judicial District—Harris County; 191st Judicial District—Dallas County; 192nd Judicial District—Dallas County; 193rd Judicial District—Dallas County; 194th Judicial District—Dallas County; 195th Judicial District—Dallas County; 196th Judicial District—Hunt County; 197th Judicial District—Cameron and Willacy counties; Criminal Judicial District No. 4—Tarrant County; 198th Judicial District—Kerr, Bandera, Kendall, Menard, Concho, Kimble, and McCulloch counties; 149th Judicial District—Brazoria County.

Both the omnibus S.B. 22 and S.B. 3, creating the 186th Judicial District, established mechanics for activating the newly-created courts through provisions for the transfer of cases, exchange of benches, administration, initial appointment of judges and juvenile boards, initial appointment of court officers and court reporters and defining their jurisdictions, and creating the office of district attorney for certain judicial districts. S.B. 22 is cited as the "Judicial Districts Act of 1969."

S.B. 23 amends Section 1, Chapter 9, Special Laws, Acts of the 46th Legislature, Regular Session, 1939, as amended, to increase the maximum salary provided for a county purchasing agent in counties having populations of 74,000 or more inhabitants from \$15,000 to \$18,000 annually. The minimum salary of \$5,000 is unchanged. The amendment also provides that purchasing agents under the Act may cooperate with the purchasing agent for any incorporated city or cities in the county to purchase items in volume as may be necessary, and that the county treasurer shall honor any warrant drawn by the county auditor to reimburse any city purchasing agent making such purchase for the county.

Three additional court-related measures were introduced and enacted during the 2nd Called Session. S.B. 31 provided that any vacancy occurring in the office of the judge of the County Court at Law No. 2 of Galveston County shall be filled by the commissioners court of the county to hold office until the next succeeding general election, and until his successor shall be duly elected and qualified. Amending existing law (Article 1970-342, Vernon's Texas Civil Statutes), S.B. 31 was the same as S.B. 766 of the regular session, which had been vetoed. S.B.33, also a duplicate of a bill (S.B. 804) vetoed by the governor at the regular session, amended existing law (Article 326k-28, Vernon's Texas Civil Statutes), relating to official duties and compensation of the criminal district attorney of Galveston County. The salary provided by S.B. 33 included \$500 from state funds, as provided by the constitution for the salary of district attorneys, plus an additional sum from the officers' salary fund of Galveston County, to bring the total salary to an amount equal to the salary paid district judges from the general revenue fund of the State of Texas.

S.B. 37, introduced and passed at the regular session as S.B. 824, amends Section 2 of Chapter 64, 57th Legislature, 3rd Called Session, 1962, to remove the \$18,000 maximum on the salary which may be paid to the judge of the Court of Domestic Relations. The Act specifies, instead, that he shall be paid no more than the total salary, including supplements, that is paid any district judge in and for Galveston County. S.B. 37 amends Section 8 of the same chapter to increase the membership of the county juvenile board. Added as members are the judge of the County Court No. 1 and the judge of the Court of Domestic Relations for Galveston County. The judge of the County Court No. 1 and the judge of the County Court No. 2 are given concurrent jurisdiction with the Court of Domestic Relations for Galveston County in all cases involving delinquent child proceedings. Qualifications of the chief juvenile officer are stiffened to require at least a bachelor's degree in a related field of study. Section 10 of the same chapter is broadened to permit transfer of cases, complaints, or other matters over which the Court of Domestic Relations is given jurisdiction to the County Court No. 1 or the County Court No. 2, as well as to any district court in and for Galveston County.

ELECTIONS AND VOTING

Texas Election Code

S.B. 8 specifies that the information required on an application for a voter registration certificate requires a signed application, whether a voter applies in person or by mail, and deletes certain items of information formerly required on voter registration certificates and lists of registered voters. The governor filed the bill on September 29, 1969, allowing it to become law without his signature. His objections to the measure stemmed from the duplication of effort in filling out the registration application and the registration certificate itself. However, Governor Smith said that he permitted the bill to become law without his signature because it was passed by overwhelming majorities in both houses. He expressed the hope that the legislature would amend the law to relieve the tax assessor-collectors of the duplication of effort to which he objected.

WATER

Three bills relating to water were enacted during the 2nd Called Session of the 61st Legislature. Among them were two measures which had previously been passed during the regular session and vetoed by the governor.

S.B. 9 authorizes any water control and improvement district containing a city that has annexed territory to annex the same territory to the district for the purpose of furnishing water or sewer service. The duplicate measure at the regular session, which was vetoed by the governor, was S.B. 266.

Another water bill (S.B. 514 of the regular session), which was vetoed by the governor, was passed again at the 2nd Called Session as S.B. 15. The measure makes several changes in the law relating to appeals in eminent domain proceedings initiated by water control and improvement districts. Appeals will be tried de novo in the district courts, and either party to the appeal has a right to a jury. Notice of and proceedings in the appeal are to be conducted under the Texas Rules of Civil Procedure.

The proceeds of water development bonds are used to aid local subdivisions in financing major water projects, but being unable to compete with rising interest

rates because of statutory and constitutional restrictions, the Water Development Board has found it impossible to sell these bonds. S.B. 60 was enacted to alleviate the situation by allowing each subdivision desiring assistance from the Water Development Board to sell its own bonds and use the proceeds to purchase state water development bonds. The subdivision would then sell the water development bonds at a discount and use the proceeds to finance its proposed water project. The statute includes a provision setting an expiration date of December 31, 1971.

BEACHES

Duplicates of seven bills relating to public beaches which were passed during the regular session and vetoed by the governor were again enacted during the 2nd Called Session of the 61st Legislature.

S.B. 16 (S.B. 655 of the regular session) provides for maintaining and cleaning the public beaches and places primary responsibility on the local governments located along the beaches. State funds are provided for loans to the local governments through the Parks and Wildlife Department. Beaches located in state-owned parks will be maintained and cleaned by the state.

A criminal penalty is provided in S.B. 17 (S.B. 557 of the regular session) for any person who by written or oral communication states that the public does not have the right of access to any public beach. The penalty is a fine of \$10 to \$200 for each day the Act is violated.

The hazardous nature of removing sand, marl, gravel, and shell from islands and peninsulas bordering on the Gulf of Mexico and land bordering the public beaches and the interference with public enjoyment of the beaches caused the legislature to pass S.B. 18 (S.B. 558 of the regular session). Under S.B. 18 permits, to be issued by local commissioners courts, must be obtained by all persons involved in making the excavations described.

S.B. 19 (S.B. 562 of the regular session) provides for the creation of a beach park board in each county bordering on the Gulf of Mexico. The bill gives these beach park boards jurisdiction over all public parks located on the public beaches.

S.B. 36 (S.B. 813 of the regular session) is similar to S.B. 19, but it is applicable to home-rule cities with populations in excess of 60,000 bordering the Gulf of Mexico. Such cities are given the authority to create a Park Board of Trustees to establish a park or parks from an island or part of an island within the city. S.B. 36 amends Chapter 33, Acts of the 57th Legislature, 3rd Called Session, 1962.

S.B. 20 (S.B. 563 of the regular session) declares a moratorium on the sale or lease of the surface estate in state-owned submerged lands, beaches, and islands under any existing laws, pending receipt of a study of the land by the Interagency Natural Resources Council. If the agency fails to report before May 31, 1973, the moratorium will expire on that date.

S.B. 25 (S.B. 607 of the regular session) relates to the issuance of licenses by the Parks and Wildlife Department to persons for operation and maintenance of business establishments on certain beaches.

INSURANCE

In a message to members of the 61st Legislature, 2nd Called Session, on September 8, 1969, Governor Smith submitted as additional subjects for consideration "Legislation establishing and regulating a system of providing liability insurance coverage and/or adjusting claims under the provisions of the Tort Claims Act, for the State of Texas, municipal corporations, and other governmental subdivisions, districts, and units."

S.B. 6 was introduced to make it possible for certain units of government to secure motor vehicle liability insurance under the assigned risk plan. A duplicate of the vetoed S.B. 201 of the regular session, S.B. 6 amended existing law (Article 6701h, Vernon's Texas Civil Statutes), which had excluded state agencies and municipal and other governmental subdivisions from coverage under the assigned risk plan provided for by Article 5.10, Texas Insurance Code of 1951, as amended.

An amendment to the Texas Insurance Code was accomplished with S.B. 10, the same measure which was passed at the regular session as S.B. 282, and which was vetoed. The Act reduces from three to two years the period during which the issuer of a policy providing accident and sickness coverage may assert certain

defenses by amending Article 3.70-3 of the Texas Insurance Code of 1951, as amended. It also reduces from three to two years the period during which the policy must have been in force before it becomes incontestible as to statements contained in the application. Further, S.B. 10 prohibits the reduction or denial of claims for loss on the ground that a disease or physical condition existed prior to the effective date of coverage if the policy has been in force for two years, instead of the three years previously required.

The licensing of life insurance counselors, prohibition of advertising, and prohibition of dual compensation are treated in S.B. 12. S.B. 12 was identified in the regular session as S.B. 341, and it prohibits a life insurance counselor from advertising in any manner and from circulating materials indicating professional superiority or the performance of professional service in a superior manner, provided that an appointment to act for an insurer shall not be a condition to the licensing of a life insurance counselor. An applicant for licensing as a life insurance counselor is required to submit to the insurance commissioner evidence of high moral and ethical character as prerequisite to an examination based on (a) fundamentals of life and health insurance; (b) group life insurance, pensions, and health insurance; (c) law, trust, and taxation; (d) finance and economics; and (e) business insurance and estate planning. To be qualified as a life insurance counselor, an applicant must receive a passing grade on all five parts. Individuals currently holding licenses as life insurance counselors are given one year from the date of the Act to qualify under the Act. The measure prohibits a person receiving a commission or compensation as a licensed agent from being entitled to receive a fee for his services to the same client as a life insurance counselor. S.B. 12 amends existing law (Article 21.07-2 of Vernon's Texas Insurance Code).

Another amendment to the Texas Insurance Code, Article 21.07, was made by S.B. 24. This measure is the same bill adopted by the 61st Legislature in Regular Session as S.B. 599, which was subsequently vetoed. The bill increases the power of the Insurance Commission in licensing agents to sell insurance. It requires the State Board of Insurance to check on the character and background of applicants for license to write life, health, or accident insurance. Further, the applicant must then pass a written examination, unless waived by the board. Those exempt from the examination include (1) officers and employees of banks who collect insurance premiums for depositor's account; (2) ticket-selling agents of public carriers; and (3) agents selling credit insurance in connection with a commercial

loan. An applicant whose background has been reviewed satisfactorily may be issued a temporary 90-day license pending his examination; the temporary license may not be renewed within a six-month period after being issued, and a temporary licensee is prohibited from selling insurance to members of his family, relatives, or persons in his employment. The State Board of Insurance is required to give an agent 20 days before cancellation of his license, so that he may have an opportunity to show cause why the license should not be canceled. A penalty of up to \$5,000 fine and imprisonment for six months is provided by the Act for a person found guilty of violating provisions of Article 21.07, and his license is automatically canceled with his conviction. S.B. 24 also authorizes the State Board of Insurance to establish and amend the board's rules in keeping with provisions of the act.

S.B. 35 added Article 5.06-2 to the Texas Insurance Code, and was the reenactment of S.B. 811 of the regular session, which was vetoed. The Act relates to motor vehicle liability insurance policies involving vehicles owned or held for sale or repair by a person engaged in such business and the applicability of the policies to persons other than the named insured. The Act defines "garage insurance" as motor vehicle or automobile insurance as defined in Article 5.10, Texas Insurance Code, and issued to a named insured engaged in the business of selling, servicing, or repairing motor vehicles as defined by the State Board of Insurance. "Garage customer" means a person or organization other than the named insured or his employee, director, officer, stockholder, partner, or agent.

Under the Act a policy of garage insurance may contain a provision to the effect that garage customers are not insureds under the garage insurance policy and that the garage insurance shall not apply to garage customers except to the extent that other valid and collectible insurance, if any, available to the garage customer is not equal to the financial responsibility limits under the Texas Motor Vehicle Safety-Responsibility Act. In other words, other policies of insurance shall be primary insurance as to the garage customer, with the garage insurance becoming available to the garage customer only when other policies are not equal to the financial responsibility limits.

ANTIQUITIES LEGISLATION

Following the controversy over the treasure removed from the Spanish ships off the Texas coast, the 2nd Called Session of the 61st Legislature established and adopted an Antiquities Code with the enactment of S.B. 58. The measure declares it to be the public policy and in the public interest of the State of Texas "... to locate, protect and preserve all sites, objects, buildings, pre-twentieth century shipwrecks, and locations of historical, archeological, educational, or scientific interest, including but not limited to prehistoric and historical American Indian or aboriginal campsites, dwellings, and habitation sites, archeological sites of every character, treasure imbedded in the earth, sunken or abandoned ships and wrecks of the sea or any part or the contents thereof, maps, records, documents, books, artifacts, and implements of culture in any way related to the inhabitants, prehistory, history, natural history, government, or culture . . ." in lands or the bed of the sea within the jurisdiction of Texas.

An Antiquities Committee of seven members was created to include the director of the State Historical Survey Committee, the director of the State Parks and Wildlife Department, the commissioner of the General Land Office, the state archeologist, and three citizen members: one professional archeologist from a recognized museum or institution of higher learning in Texas, one professional historian with expertise in Texas history and culture, and the director of the Texas Memorial Museum of The University of Texas. Members of the committee will receive a per diem allowance for each day spent in performance of official duties and reimbursement for actual and necessary travel expenses. The committee is authorized by the Act to select one of its members as chairman and to employ personnel as necessary, with such employees to be deemed employees of the Texas State Historical Survey Committee. The committee has the prescribed duty of determining the site of and designation of state archeological landmarks and establishing claim of the State of Texas to the discoveries, including pre-twentieth century ships and wrecks. Provision is also made for obtaining sites located upon private lands should the committee deem this desirable. The Antiquities Committee is authorized further to enter into contracts with other state agencies or institutions, as well as private individuals, institutions, or corporations, for the discovery and salvage of treasure in the earth or in the sea, with the execution of contracts to be on forms approved by the attorney general.

A special appropriation in the amount of \$25,000 for each year of the 1969-70 and 1970-71 biennium was authorized for the Antiquities Committee by S.B. 75, enacted at the 2nd Called Session of the 61st Legislature. The funds so authorized are designated for salaries and wages, professional fees and services, consumable supplies and materials, current and recurring operating expenses (including travel), capital outlay, and other necessary expenses, including contractual relations with colleges and universities to carry out the duties of the Antiquities Committee.

PENAL CODE

When Governor Smith opened the call of the 2nd Called Session on September 4, 1969, to measures other than taxation and appropriations, he listed legislation providing a penalty for the offense of forgery. Subsequently, H.B. 66 was introduced to reenact Article 995 of the Texas Penal Code. This article had been inadvertently repealed with the enactment of the Texas Education Code by the 61st Legislature, Regular Session. Under H.B. 66, the penalty upon conviction for forgery remained as in the article which was accidentally repealed—confinement in the penitentiary for not less than two nor more than seven years.

OTHER

Other legislation enacted at the 2nd Called Session of the 61st Legislature included measures relating to the regulation of certain professions, authority granted to commissioners courts and home-rule cities, hospital districts, the issuance of bonds by governmental entities, and net effective interest rates on certain public securities.

S.B. 5 added two new categories to those exempted from the definitions of dentistry, as contained in Article 4551b, Vernon's Texas Civil Statutes, and Article 753, Penal Code of Texas, 1925, as amended. New exemptions include Dental Health Service Corporations legally chartered under Subsection (1) of Article 2.01, of the Texas Nonprofit Corporation Act, and dental interns, dental residents, and dental assistants as defined and regulated by the Texas State Board of Dental Examiners in its rules and regulations. Existing law (Article 4551e, Vernon's Texas Civil Statutes), was amended in the same measure to include under the term "dental hygiene," and the practice thereof, "such other services and procedures as may be prescribed by the Texas State Board of Dental Examiners in its Rules and Regulations."

S.B. 7 was enacted providing that if a vacancy occurs in the number of trustees originally appointed under a valid charitable trust agreement and the trust agreement does not provide for filling the vacancy, then, at the discretion of the remaining trustees, the vacancy may be filled upon affirmative vote of a majority of the remaining trustees.

S.B. 11 provides for the sale, leaseback, rental, and purchase of land, facilities, etc., for county purposes in certain counties by majority agreement of the members of the commissioners court when such action is deemed essential to the proper administration of agencies of the county. A bracket bill, the Act is applicable in any county having a population in excess of 500,000 inhabitants.

S.B. 14 gives to commissioners courts of counties having hospital districts created by Chapter 266, Acts of the 53rd Legislature, Regular Session, 1953, as amended, the same authority with respect to the hospital districts that was granted by S.B. 11 to commissioners courts of counties having populations in excess of 500,000. S.B. 26 authorizes any home-rule city to establish, acquire, lease as lessor or lessee, purchase, construct, improve, enlarge, equip, repair, operate, and maintain structures, parking areas, parking garages or facilities for off-street parking or storage of motor vehicles or other conveyances.

S.B. 27 authorizes Tarrant County Commissioners Court and the El Paso County Commissioners Court to contract with political subdivisions for performance of governmental services as provided by Article III, Section 64, of the Texas Constitution, which was adopted by the Texas electorate on November 5, 1968.

S.B. 29, applicable to every Texas city or town (including home-rule cities) located on the Gulf of Mexico or any of its channels, bays, or inlets, if the city has a population in excess of 5,000 inhabitants and owns or operates port facilities, authorizes these cities to issue bonds for the improvement and maintenance of such facilities. The measure amends existing law (Article 1187f, Section 1, Vernon's Texas Civil Statutes).

S.B. 34 provides for setting salaries and salary maximums of county officials in counties having populations of not less than 140,000 nor more than 150,000. In the first category of positions affected, the district clerk, the county clerk, the assessor and collector of taxes, and the sheriff shall be paid a salary of not less

than \$15,000 per annum as determined by the commissioners court of the county. The second category of salaries established by the Act, also not to exceed \$12,500 as determined by the commissioners court, includes the chief deputy district clerk, the chief deputy county clerk, the chief deputy sheriff, and the deputy assessors and collectors of taxes. The final category of salaries, fixed by the commissioners court and to be paid in an amount not to exceed \$8,700 per year, includes deputies, assistants, and clerks of any district, county, or precinct officer.

S.B. 39 amends existing law (Article 695i, Vernon's Texas Civil Statutes), to provide for the appointment by the governor of a chairman of the Governor's Committee on Aging. The chairman so appointed shall be in addition to the nine members of the committee and shall serve during the tenure of the governor who appointed him or until his successor has been appointed. The services of any state officer so appointed shall be considered as an extension of his other official duties.

The Teague Hospital District in Freestone County was created by S.B. 40, pursuant to authority granted under the provisions of Article IX, Section 9, of the Texas Constitution. Boundaries of the new hospital district are to be coextensive with the boundaries of the Teague Independent School District as it existed on January 1, 1969.

S.B. 55 amends Sections 2 and 3, Chapter 3, Acts of the 61st Legislature, Regular Session, 1969, to remove the limitation on the net effective interest rate on public securities issued and sold by public agencies, with the exception of those public securities whose maximum rate of interest or maximum net effective interest rate is otherwise specifically fixed by the Constitution.

H.B. 88 validates proceedings related to issuance of revenue bonds authorized by incorporated cities, towns, and villages except in instances where "such bonds were required by law to be approved at an election unless the issuance thereof was approved at such election by a majority of the participating resident qualified property taxpaying electors," or, unless the "bonds or election proceedings are involved in litigation questioning the validity thereof on the effective date of this Act if such litigation is ultimately determined against the validity thereof."

APPENDIX A

**Analysis of Tax Bills Considered by
the 61st Legislature
1st and 2nd Called Sessions**

**Analysis of Tax Bills
Considered by the 61st Legislature
First and Second Called Sessions**

Although several tax bills were introduced at the beginning of the first called session, House Bill No. 2, by Atwell, became the tax vehicle. The bill as introduced contained the governor's recommended tax program.

The House Committee on Revenue and Taxation reported out a substitute version which was amended by floor action and sent to the Senate. The Senate State Affairs Committee substituted the original version for the House passed version. In floor action the Senate adopted a substitute for the substitute.

The House refused to concur in Senate amendments and House Bill 2 was sent to a conference committee. The first conference committee report was rejected by the Senate and the House granted the Senate request for a new conference committee.

The second conference committee report was adopted by the Senate but was rejected by the House. Although another conference committee was appointed the first called session ended without its reaching agreement on a third report.

The tax proposals in the several tax bill versions considered during the first called session are detailed below:

House Bill No. 2 as Introduced

Sales Tax – Increase rate from 3% to 3.5% and include alcoholic beverages as taxable items

Motor Vehicle Tax – Increase rate from 3% to 3.5%

Cigarette Tax – Increase rate by 3¢ package

Franchise Tax – Additional 50¢ per \$1,000 of taxable capital for the franchise tax years 1970-71 and 1971-72

House Committee Substitute for H.B. 2

Sales Tax – Increase rate from 3% to 3.5% and include as taxable items intrastate telephone and telegraph services; laundry and dry cleaning services; repairs, maintenance and other services performed on household appliances and clocks, watches and jewelry; and repairs, maintenance and other services performed on motor vehicles including parking. In addition it would increase the percentage of the local sales tax retained by the state for collecting the tax by 5.5 percent

Cigarette Tax – Increase 5¢ package and change the definition of cigarette to include substitutes for tobacco in cigarette form

Store License Fees – Phase out the “chain store tax” over a period of 5 years

Utilities Gross Receipts Tax – Equalize the rate of tax on utilities, telephone and telegraph companies

Admissions and Entertainment Tax – Impose a 3.5% tax on charges for admission to professional athletic contests; nightclubs, dance halls and like establishments and natural and man-made phenomena such as amusement parks, caverns, etc.

House Bill 2 as passed by the House

Sales Tax – Increase rate from 3% to 3.5% and include all services in the committee substitute except service coin-operated laundry and dry cleaning devices and refrigerators and washing and drying machines. Increase the state’s retained part of the city sales tax by 5.5%

Cigarette Tax – Increase rate by 5¢ package and change the definition of cigarette to include tobacco substitutes

Stock Transaction Tax — Impose a tax of 10¢ on each transaction (sale or purchase) originating in the state involving shares or certificates of stock, bonds and securities

Utilities Gross Receipts Tax — Equalize the rate of tax on utilities, telephone and telegraph companies

Admissions and Entertainment Tax — Impose 3.5% tax as in the committee substitute

Senate Committee Substitute for H.B. 2

Same as House Bill No. 2 as introduced

House Bill No. 2 as amended and passed by the Senate

Sales Tax — Increase rate from 3% to 3.25% and include as taxable items intrastate telephone and telegraph services and alcoholic beverages

Cigarette Tax — Increase rate of tax by 4¢ package

Natural Gas — Increase rate of tax from 7% to 8% and exempt lease use gas

Tobacco Products Tax — Increase rate of tax 62.5% to equalize with cigarette tax increases since 1959

Franchise Tax — Additional 50¢ per \$1,000 of taxable capital and change the allocation formula for determining taxable capital to include 25% of sales originating in Texas and 25% of sales concluding in Texas as well as 100% of intrastate sales and exempting corporations paying gross receipts taxes to the extent of the gross receipts taxes paid

Store License Fees — Phase out “chain store tax” over a 5 year period beginning in 1972

Documentary Stamp Tax – Impose a tax of 50¢ on each \$500 of value of real estate transfers

First Conference Committee Report on H.B. 2

Sales Tax – Increase rate from 3% to 3.5% and include as taxable items repairs, maintenance and other services performed on or for all tangible personal property and parking of automobiles

Cigarette Tax – Increase rate of tax by 5¢ package and change definition of cigarettes to include tobacco substitutes

Franchise Tax – Additional 50¢ per \$1,000 taxable capital for franchise tax years 1969-70, 1970-71 and thereafter

Natural Gas – Increase tax rate from 7% to 8% and exempt lease use gas

Store License Fees – Phase out “chain store tax” over four year period beginning in 1972

Admission Tax – Remove automobile racing from the admission tax

Alcoholic Beverages – Impose a tax of 10¢ per serving in private clubs and on airlines, provide a \$100 beverage cartage permit and \$3,000 Airline-Beverage Permit and impose a \$1.00 state fee for manager’s temporary members in private clubs

Second Conference Committee Report on H.B. 2

Sales Tax – Reduce rate of tax from 3% to 2.5% and include as taxable items food; repairs, maintenance, and other services performed on or for all tangible personal property; automobile parking; farm machinery; and alcoholic beverages

Cigarette Tax – Increase rate of tax by 5¢ package and change definition of cigarettes to include tobacco substitutes

Franchise Tax — Additional \$1.00 per \$1,000 taxable capital for the franchise tax years 1969-70, 1970-71, and 1971-72 and 50¢ per \$1,000 thereafter

Natural Gas — Increase tax rate from 7% to 8% and exempt lease use gas

Gasoline Tax — Increase gasoline tax from 5¢ to 6¢ per gallon and special fuels by equivalent amounts

Admission Tax — Remove automobile racing from admissions tax

Alcoholic Beverages — Impose a tax of 5¢ per serving in private clubs and on airplanes; provide \$100 beverage cartage permit and \$1,000 Airline-Beverage Permit and impose a \$1.00 state fee on manager's temporary memberships in private clubs

Vending Machine Tax — Bring most coin-operated machines including coin-operated billiard tables under the \$15.00 vending machine tax

House Bill No. 4, by Atwell, was the tax bill considered during the second called session. It followed much the same routine as House Bill No. 2 in the first called session.

The House Committee on Revenue and Taxation reported a substitute, the substitute was amended on the floor of the House, the Senate State Affairs Committee substituted another version which was amended on the floor of the Senate, the House did not concur in the Senate amendments and the bill went to conference committee.

The first conference committee report on House Bill No. 4 was adopted by both houses with sufficient votes to make it effective October 1, 1969.

Detailed below are the various proposals at each step of House Bill No. 4 during the second called session:

House Bill No. 4 as introduced

Sales Tax – Increase rate from 3% to 3.5% and include as taxable items repairs, maintenance, and other services performed on or for all tangible personal property, except laundry and dry cleaning services; and parking of automobiles

Cigarette Tax – Increase rate of tax by 4½¢ package and change the definition of cigarette to include substitutes for tobacco in cigarette form

Franchise Tax – Additional 50¢ per \$1,000 taxable capital for the franchise tax years 1969-70, 1970-71, and 1971-72 and 25¢ per \$1,000 taxable capital thereafter

Vending Machine Tax – Bring coin-operated machines dispensing items of 10¢ or more and coin-operated billiard tables under the \$15 vending machine tax (cigarettes, newspaper and service coin-operated machines exempt)

Admission Tax – Exempt automobile racing from the tax

House Committee Substitute for H.B. 4

Sales Tax – Increase rate from 3% to 3.5% and include services in the original bill

Cigarette Tax – Increase rate of tax by 4½¢ package and include tobacco substitutes

Franchise Tax – Additional 50¢ per \$1,000 taxable capital for the franchise tax years 1969-70, 1970-71 and 1971-72 and 25¢ per \$1,000 taxable capital thereafter

Vending Machines — Same as the original bill

Admissions and Entertainment Tax — Impose a 10% tax on charges for admission to professional athletic contests; nightclubs, dance halls and like establishments and man-made phenomena such as amusement parks, caverns, etc.

House Bill No. 4 as passed by the House

Sales Tax — Increase rate from 3% to 3.5%

Cigarette Tax — Increase rate of tax by 4½¢ package and include tobacco substitutes

Franchise Tax — Additional 50¢ per \$1,000 taxable capital for the franchise tax years 1969-70, 1970-71 and 1971-72 and 25¢ per \$1,000 taxable capital thereafter

Vending Machine Tax — Bring coin-operated machines dispensing items for more than 10¢ and coin-operated billiard tables under the \$15 vending machine tax (cigarette, newspaper and service coin-operated machines exempt)

Admission and Entertainment Tax — Same as House Committee substitute

Stock Transaction Tax — Impose a tax of 25¢ on each transaction (sale or purchase) if either the seller or buyer is domiciled in Texas

Alcoholic Beverages — Impose a tax of 10¢ on each serving in a private club and on airlines; provide a \$100 beverage cartage permit and \$1,000 airline-beverage permit

Marl, Sand and Gravel Tax — Impose an occupation tax of 60¢ cubic yard on coarse shell or mudshell, 54¢ cubic yard on fine shell or mudshell and 25¢ cubic yard on marl, sand and gravel

Senate Committee Substitute for H.B. 4

Sales Tax — Increase sales tax from 3% to 3.25% and include alcoholic beverages as a taxable item

Cigarette Tax — Increase rate of tax by 4½¢ package and include tobacco substitutes

Franchise Tax — Additional 50¢ per \$1,000 taxable capital for the franchise tax years 1969-70, 1970-71 and 1971-72 and 25¢ per \$1,000 taxable capital thereafter. Change the allocation formula for determining taxable capital to include 100% of sales of tangible personal property delivered or shipped to a purchaser within the state

Natural Gas — Increase rate of tax from 7% to 8% and exempt lease use gas

Alcoholic Beverages — Impose a tax of 5¢ per serving in private clubs and on airlines and provide a \$1,000 airline-beverage permit

Motion Pictures — Impose a tax on each admission to motion pictures classified M, R and X at the rates of M-15¢, R-25¢ and X-50¢

House Bill No. 4 as passed by the Senate

Sales Tax — Increase rate from 3% to 3.25% and include alcoholic beverages as taxable items

Cigarette Tax — Increase rate of tax by 5¢ package and include tobacco substitutes

Franchise Tax — Additional 50¢ per \$1,000 taxable capital for the franchise tax years 1969-70, 1970-71 and 1971-72 and include the destination sales factor in the formula for allocating taxable capital to Texas

Natural Gas – Increase rate of tax from 7% to 8% and exempt lease use gas

Alcoholic Beverages – Same as Senate Committee substitute but prohibiting removal of alcohol from private club premises and prohibiting off-premise sales by late hour permit holders during extended hours

Vending Machines – Place coin-operated billiard tables under the \$15 tax and exempt coin-operated machines of owners of a single business and coin-operated amusement machines designed exclusively for children from the tax

House Bill No. 4 as finally passed

Sales Tax – Increase rate from 3% to 3.25% and include alcoholic beverages as taxable items

Cigarette Tax – Increase rate of tax by 4½¢ package and include tobacco substitutes

Franchise Tax – Additional 50¢ per \$1,000 of taxable capital for the franchise tax years 1969-70, 1970-71 and 1971-72 and 25¢ per \$1,000 taxable capital thereafter and change the allocation formula for determining taxable capital to include destination sales (imports)

Natural Gas – Increase rate of tax from 7% to 7½%

Alcoholic Beverages – Impose 5¢ tax per serving in private clubs and on airlines; prohibit removal of alcoholic beverages from private club premises; limit extended-hours sales to on-premise consumption; and provide a \$1,000 airline-beverage permit

Admission Tax – Exempt automobile racing from the admission tax

Vending Machine Tax – Place coin-operated billiard tables under the \$15 tax and exempt from the vending machine license requirements owners of a single business with coin-operated machines in the place of business prior to 10-1-69 and coin-operated amusement machines designed exclusively for children

APPENDIX B

Veto Proclamations by the Governor

PROCLAMATION
BY THE
GOVERNOR OF THE STATE OF TEXAS

TO ALL TO WHOM THESE PRESENTS SHALL COME:

I wish to express my appreciation to the leadership of both Houses of the Legislature and to the membership of those bodies for enacting a two-year appropriations bill to cover the cost of state spending as recommended by me. Realizing that there are differences of opinion as to the relative merits of annual or biennial appropriations, I wish to sincerely acknowledge the spirit of cooperation which brought about the enactment of this fine appropriation bill to finance the operation of our state government together with its many services for the coming biennium.

Now that the unpleasant but necessary task of raising taxes has been put behind us in order to finance the needs of our state government, our department and agency heads, boards and commissions are in a position to plan for the operation of our government for a full two-year period without being burdened by the uncertainty of necessary funds or appropriation for the financing of the second year biennium.

After careful consideration of the appropriations contained, there are several items which I feel are either unjustified or nonessential at this time. I am therefore under the provisions of Article IV, Section 14, of the Texas Constitution vetoing certain line items as follows:

SUMMARY OF ITEMS VETOED

Article II—

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION CONSTRUCTION PROGRAM

Dallas Neuropsychiatric Institute	1970
16. Construct Institute	\$2,900,000

Article III—

ATTORNEY GENERAL'S OFFICE

9. Professional fees and services, including amounts necessary for enforcement of Tort Claims Act; and for witness expenses in the investigation, adjustment, prosecution and litigation of causes including travel and per diem expenses not to exceed travel and per diem paid to State employees under the provisions of this Act. Such amounts as may be necessary may be transferred from this item to other items of expenditure for the purpose of enforcing the Tort Claims Act.	1971 \$225,000
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Article III —

PARKS AND WILDLIFE DEPARTMENT

14C (9) - Longhorn Cavern State Park	1970 \$25,000	1971 U. B.
14G - Water Well at Lyndon Baines Johnson State Park	\$50,000	U. B.

14I - Land Acquisition -- Hardeman and/or Motley Counties	\$172,000	U. B.
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14J - For acquisition of land and development of Port Lavaca Causeway State Park as authorized by House Bill No. 1034, 60th Legislature, Regular Session, 1967	\$207,500	U. B.
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RED RIVER AUTHORITY

For completion of Master Plan for water resource development of the Texas portion of the Red River Authority including engineering studies, comprehensive planning, travel, consumable supplies and materials, current and recurring operating expenses and capital outlay	1970 \$14,500	1971 \$14,500
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DEPARTMENT OF PUBLIC SAFETY

Item 15 - For the construction of a subdistrict headquarters building in McAllen, contingent upon the City of McAllen furnishing land	1970 \$262,717	
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Article IV --

TEXAS A&M UNIVERSITY

Repairs and Air Conditioning Adjunct at Junction, Texas	1970 \$250,000	1971 U. B.
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TEXAS MARITIME ACADEMY

Pelican Island Development	1970	1971
	\$160,000	U. B.

PRAIRIE VIEW AGRICULTURAL AND MECHANICAL COLLEGE

Environmental Pollution Control Studies and Practices	1970	1971
	\$45,000	\$20,000

STEPHEN F. AUSTIN STATE UNIVERSITY

Fish Raising Facility	\$60,000	
TOTAL (1970-71)	\$4,406,217	

OBJECTIONS TO ITEMS AND REASONS FOR VETO

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION CONSTRUCTION PROGRAM

Dallas Neuropsychiatric Institute
Item 16. Construct Institute

In 1965, the Legislative Budget Board, of which I was Chairman, recommended construction of "... a short-term intensive-care mental hospital and research institute in conjunction with The University of Texas Southwestern Medical School." The goal at that time was development of a cooperative program that would utilize highly-qualified staff of the medical school in cooperation with staff of the hospital and research institute in such a way as to provide badly-needed services for the area, provide a clinical setting for expanded training programs for psychiatric and other medical personnel, and provide a favorable environment for expansion of the State's research efforts on the causes and cures of mental illnesses.

The progress to date has not been encouraging. Although four years have elapsed, there still exists considerable disagreement between The University of Texas and the Department of Mental Health and Mental Retardation regarding the proper method of operating the institute. The current estimated cost of the Institute exceeds the available funds by approximately one-third. Federal funds are no longer available in the amounts and for the purpose that was originally contemplated. For these reasons, I am vetoing the item.

ATTORNEY GENERAL'S OFFICE

Item 9.

There has been a growing tendency toward the contracting for attorneys in special cases to represent the state as special assistant attorneys general. Furthermore, there have been continuing efforts by boards and agencies to employ counsel other than the Attorney General. The interests of the state can best be served if the Attorney General or his assistants represent the state in all possible instances. In view of the increased appropriations for the Attorney General's staff and the large number of attorneys authorized, the time has come to rely on full-time assistant attorneys general to represent the state. I am vetoing only the second year of this appropriation in order that existing contracts can be honored and to allow time for the Attorney General to provide for an orderly assimilation of this workload.

PARKS AND WILDLIFE DEPARTMENT

14C(9)

This item was not requested by the department and did not appear in either the House or Senate Bill. The work contemplated at Longhorn Cavern State Park in this appropriation should, under the provisions of the concession contract, be accomplished by the concessionaire. For these reasons, I am vetoing this item.

Item 14G

This item was not requested by the department and did not appear in either the House or Senate Bill. The water well is not contemplated as a part of the development of this park by the department. For these reasons I am vetoing this item.

Item 14I

This item was not requested by the department and did not appear in either the House or Senate Bill. In November of 1967 the voters of Texas approved a \$75,000,000 Park Bond Development Program. The purpose of this program is to provide a self-supporting method of acquiring land and developing a park system for Texas. A comprehensive plan for the development of this park system has been developed and its implementation begun. The acquisition and development of parks such as the one in this appropriation should be accomplished under the Park Bond Development Program subject to the criteria applied by the department. For this reason, I am vetoing this item.

Item 14J

The park proposed in this item does not conform to the criteria established in the state's comprehensive park plan and is essentially a city park. It should not be developed or operated with state funds. For this reason, I am vetoing this item.

RED RIVER AUTHORITY

Master Plan for Texas Portion of Red River Authority. . .

The Water Development Board is responsible for water resource planning in the State and should conduct studies and planning of the kind proposed in this item. Additionally this appropriation did not appear in either the Senate Bill or the House Bill. No other river authority created by the Legislature receives such an appropriation. For these reasons, I am vetoing this appropriation.

DEPARTMENT OF PUBLIC SAFETY

Item 15

The Department of Public Safety requested funds for construction of a sub-district office building in Harlingen. This appropriation for a building at McAllen was not requested by the Department of Public Safety and did not appear in either the House or Senate Bills. The appropriation could not be properly utilized without relocating many departmental personnel. I am for these reasons vetoing this item.

TEXAS A&M UNIVERSITY

Repairs and Air Conditioning Adjunct at Junction, Texas . . .

Funds for this item were not requested and were not included in either the Legislative Budget Board's nor the Governor's budget recommendations and did not appear except in the final appropriations bill. I am vetoing this item because its expenditure would result in the need for future state appropriations for programs which have not been given thorough legislative nor budgetary review. The funds in question would be spent on buildings that are worth less than the amount being used for the buildings' repair and rehabilitation and would result in future needs for increased maintenance appropriations.

TEXAS MARITIME ACADEMY

Pelican Island Development . . .

A total of \$500,000 from state funds was appropriated in the 1969 fiscal year for the Pelican Island development of a Maritime Academy Campus. However, these funds could only be used for the construction of docking facilities in connection with the development of the campus. Since the purpose of this appropriation is not specified and since \$500,000 has already been appropriated for docking facilities, and since I did not recommend this item nor the Legislative Budget Board and since no funds were provided for it in the House and Senate appropriations bills; I am hereby vetoing this item.

PRAIRIE VIEW AGRICULTURAL AND MECHANICAL COLLEGE

Environmental Pollution Control Studies and Practices . . .

The item appeared only in the conference committee report and was not in the institution's budget request submitted to the Governor's office and Legislative Budget Board. I did not recommend this item, nor did the Legislative Budget Board. Other state agencies are now involved in similar programs. This item represents a new endeavor by the college which I believe should have been thoroughly justified in the budget process before funds were appropriated. Therefore, I am vetoing this item.

STEPHEN F. AUSTIN STATE UNIVERSITY

Fish Raising Facility. . .

The item was not requested by Stephen F. Austin State University. In my opinion the operation of a fish raising facility by Stephen F. Austin State

University is not essential for the education of its students. For these reasons, I am vetoing this item.

STATEMENT ON APPROPRIATION TO THE WATER RIGHTS COMMISSION FOR RESEARCH AND DEVELOPMENT RELATING TO SALINE AND BRACKISH WATER OF THE STATE

The work described in this appropriation item is desirable, necessary and justifiable. I do not intend to veto this item. However, the Water Rights Commission is responsible for the adjudication and administration of water rights in the state. Their responsibilities do not statutorily or logically include water planning, research or development. These functions are properly the responsibility of the Water Development Board. I am therefore expressing my intention to transfer the funds appropriated in Item No. 13 for the Water Rights Commission to Item No. 19 "Topographic Mapping, Water Studies and Investigations" made to the Water Development Board.

STATEMENT ON "TURNPIKE RIDER" FOLLOWING THE APPROPRIATION FOR THE DEPARTMENT OF PUBLIC SAFETY

The appropriation to the Department of Public Safety contains the following rider provision:

"Whenever the Texas Department of Public Safety shall, by agreement entered into under the authority of the Inter-Agency Co-operation Act, provide for appropriate reimbursement therefor, such Department is authorized to expend so much funds as may be necessary out of funds appropriated herein to permit the proper policing of turnpike and turnpike projects under contracts entered into with the Texas Turnpike Authority pursuant to Chapter 410, Acts of the Fifty-third Legislature, Regular Session, 1953, provided, however, that funds received from the Texas Turnpike Authority shall be deposited to the State Highway Fund No. 6, and are not reappropriated by this Act."

Attorney General's Opinion Number M-280-A dated September 23, 1968, held the same rider found in H.B. 5, Acts of the 60th Legislature, First Called Session, 1968 to be invalid.

I call this Opinion to the attention of the Comptroller of Public Accounts and the Public Safety Commission. I am instructing the Comptroller of Public Accounts and the Public Safety Commission to disregard this rider.

House Bill 2 was received in the Governor's Office less than ten (10) days prior to the adjournment of the Second Called Session of the Sixty-first Legislature, and in accordance with Section 14, Article IV of the Constitution of Texas, the Bill, together with this Proclamation, is filed with the Secretary of State.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused the Seal of State to be affixed hereto at Austin this 13th day of September, 1969.

/S/Preston Smith

Preston Smith
Governor of Texas

By the Governor:

/S/W. O. Bowers

Assistant Secretary of State

September 13, 1969

P R O C L A M A T I O N
BY THE
GOVERNOR OF THE STATE OF TEXAS

TO ALL TO WHOM THESE PRESENTS SHALL COME:

House Bill 72 and House Bill 73 as passed by the Legislature would provide for insurance protection on bank deposits over and above the present \$15,000.00 per account under the Federal Deposit Insurance Corporation. I am in accord with the basic purpose of providing full protection for deposits on their bank accounts but I am not satisfied that the approach taken by these bills is the proper one and for that reason I am calling upon the Finance Commission to make a study of the best solution to this problem to present to the next Legislature. Under the provisions of Article IV, Section 14, of the Constitution, I am herewith vetoing and filing with the Secretary of State, House Bill 73, 61st Legislature, Second Called Session, the Texas Depository Protection Act, and a companion bill, House Bill 72, 61st Legislature, Second Called Session, with the following objections and for the following reasons:

1. These bills provide for deposit insurance to be furnished by private non-profit corporations. This proved unsatisfactory in Texas between the years 1904-1926. There is also no provision which would limit the number of corporations providing this insurance and therefore could lead to a large number of small weak private corporations which could not provide the protection anticipated.

2. I have some concern that the bill would be discriminatory as regarding banks in our state which have less than \$200,000 in capital in that their deposits could not be insured to the extent of larger banks.

3. There is also a problem as to possible descrimination between state and national banks since some state banks, not members of the Federal Reserve System might cancel their F.D.I.C. membership relieving them of certain restraints and limitations as to interest paid on savings accounts or certificates of deposits. This same situation could arise between state chartered and federal

savings and loan associations. There is also great concern as to the ultimate effects of the withdrawal from federal supervision of banks and savings and loan associations operating under state charters.

4. I am advised that no depositor has lost money through the closing of any Texas bank in the past three years and that there has not been opportunity for full public hearings on these bills or on this particular approach to this problem.

For all of the foregoing reasons, I feel that there is no emergency need for this legislation at this time and that these bills should be vetoed to provide time for a full and complete study of possible solutions to be considered by a future session of the Legislature.

House Bill 72 and House Bill 73, 61st Legislature, Second Called Session were presented to me less than ten (10) days before adjournment of the Legislature and I am herewith vetoing and filing them, together with this proclamation, with the Secretary of State under the provisions of Article IV, Section 14 of the Texas Constitution.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused the Seal of State to be affixed hereto at Austin, this the 29th day of September, A. D., 1969.

PRESTON SMITH

GOVERNOR OF TEXAS

By the Governor:

Secretary of State

APPENDIX C

**Interim Study Committee Created
by the
61st Legislature
1st and 2nd Called Sessions**

**INTERIM STUDIES OF THE 61st LEGISLATURE—
1st CALLED SESSION**

<i>Resolution</i>	<i>Subject</i>	<i>Membership</i>
S.C.R. 6	Design for Lunar Landing Medal of Valor	3 Senators 3 Representatives 3 Citizen Members
S.C.R. 18	Office space in the Capitol	3 Citizen Members 9 Ex officio Members ¹
S.R. 79	Beaches of Texas	5 Senators 2 Citizen Members 3 Ex officio Members ²
H.C.R. 8	Taxation of farm, ranch, and forest lands	5 Representatives 5 Senators 5 Citizen Members
H.C.R. 12	Water situation in Texas	3 Representatives 3 Senators 3 Citizen Members
H.S.R. 7	University Interscholastic League Competition	5 Representatives
H.S.R. 49	Desalination processes and techniques	5 Representatives Water Resources Institute of Texas A&M University
H.S.R. 19	Problems of older Texas citizens	3 Representatives
H.S.R. 77	Military and Veterans affairs, tribute to members of armed services	5 Representatives

<i>Resolution</i>	<i>Subject</i>	<i>Membership</i>
H.S.R. 78	Display of Spanish treasure in appropriate museum	5 Representatives
H.S.R. 80	Problems and needs of West Texas	Representatives, who are members of the West Texas delegation
H.S.R. 82	Economy in state government	5 Representatives 2 Ex officio Members ³
H.S.R. 83	Traffic safety and fire protection in Houston Ship Channel	5 Representatives

2nd CALLED SESSION

S.C.R. 4	Delinquent ad valorem taxes	3 Senators 3 House Members 6 Citizen Members ⁴
S.C.R. 9	Consumer Credit Code and other relevant laws	2 Senators 2 Representatives 2 Citizen Members
S.C.R. 15	Beaches of Texas	3 Representatives 3 Senators 1 Citizen Member 4 Ex officio Members ⁵
S.R. 12	Feasibility of establishing a pictorial record of government	2 Senators Director of Legislative Budget Board
S.R. 36	Preparation of tax legislation	3 Senators

<i>Resolution</i>	<i>Subject</i>	<i>Membership</i>
S.R. 41	Motion picture theater industry in Texas	5 Senators
S.R. 42	Historical and recreational sites	5 Senators
S.R. 76	Professional staff for Senate Finance Committee	None specified
H.S.R. 16	Salt in Brazos and Red Rivers	3 Representatives and Water Quality Board
H.S.R. 50	Crime and disorder on military installations	5 Representatives
H.S.R. 56	Rules of the House of Representatives	5 Representatives
H.S.R. 57	Coastal lands and waters of Texas	5 Representatives 2 Citizen Members 3 Ex officio Members ⁶

F O O T N O T E S

¹Governor, Lieutenant Governor, Speaker of the House, Chairman of Contingent Expense Committee, and one other Senator. Directors of Legislative Council, Legislative Budget Board, Texas Building Commission, State Board of Control.

²Land Commissioner, Chief Engineer of Highway Department, Executive Director of Parks and Wildlife Department, or their designated representatives.

³Official of the Texas Education Agency, state official knowledgeable in classification and hiring of state employees.

⁴3 members appointed by Governor, 3 members appointed, one each, by the Chief Justice of the Supreme Court, the Comptroller of Public Accounts, and the Attorney General.

⁵Commissioner of the General Land Office, Chief Engineer of the Highway Department, Executive Director of the Parks and Wildlife Department, or their designated representatives.

⁶Land Commissioner, Chief Engineer of the Highway Department, Executive Director of the Parks and Wildlife Department, or their designated representatives.

TEXAS LEGISLATIVE COUNCIL

Research and Reports

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Assistant Director	John T. Potter
Director of Legal Division	William B. Wilmot
Revisor of Statutes	Robert E. Freeman
Director of Research	Julia Faye Neel